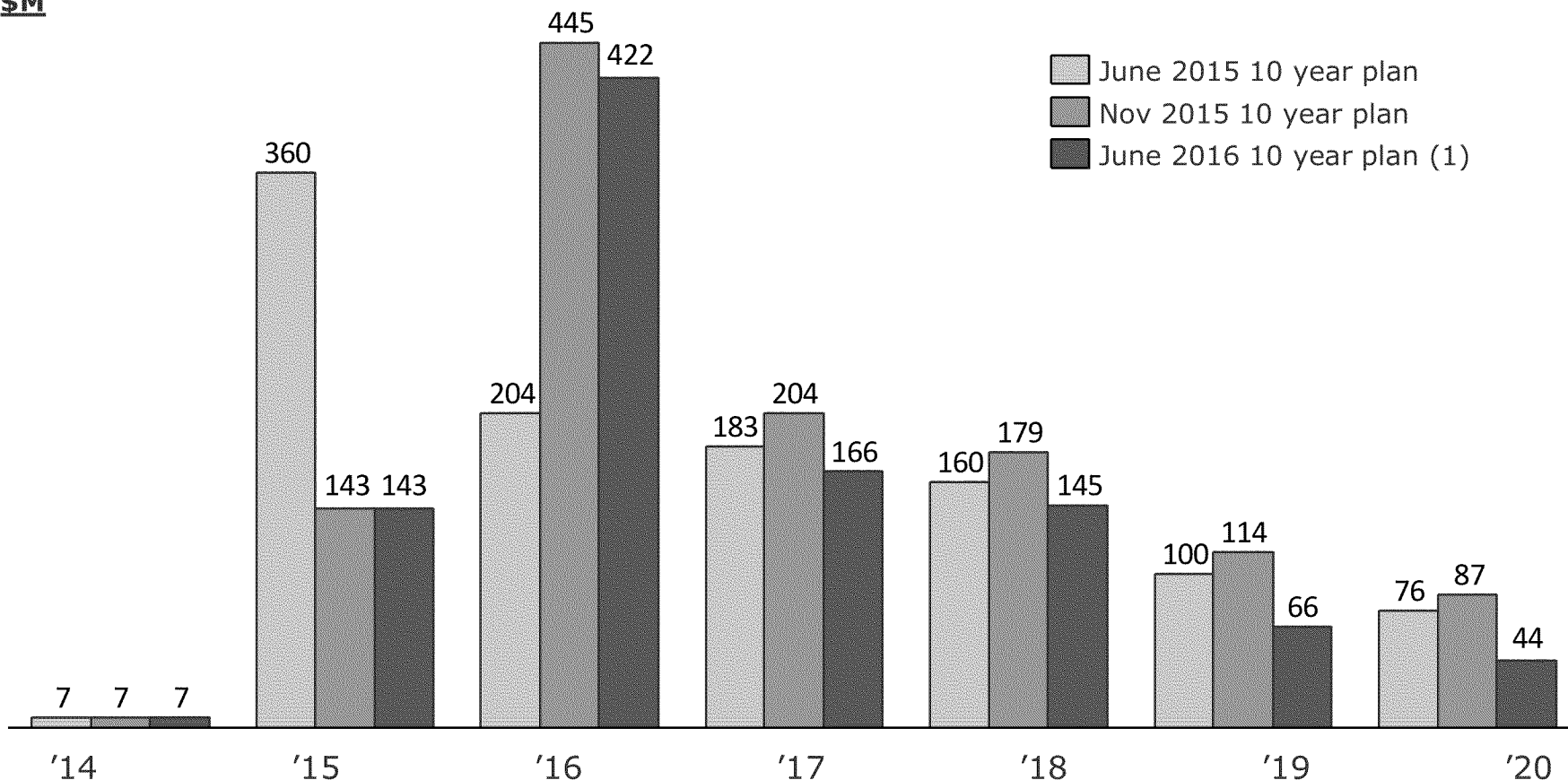


\$M



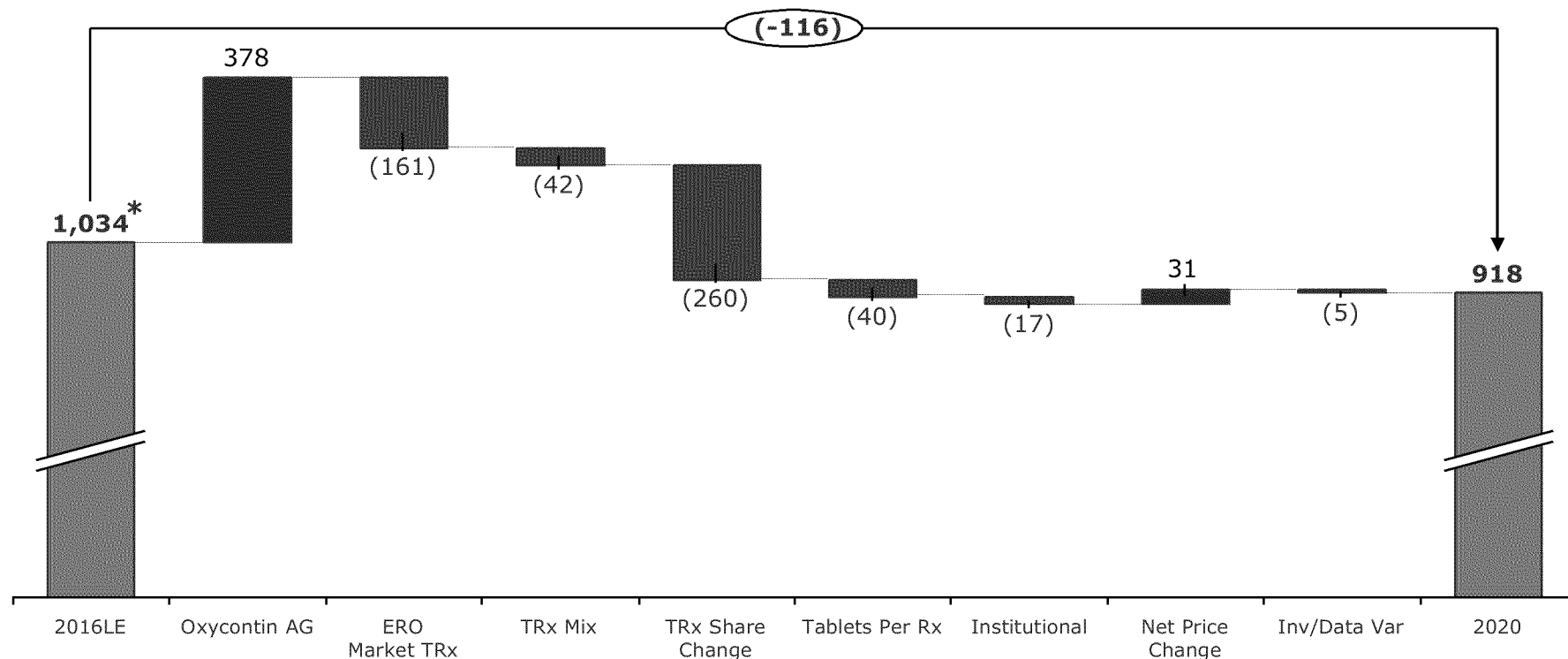
(1) Changes from 2016 to 2020 are largely driven by GTN rate changes, change in allotment quantities for those counterparties that have market share arrangements and in the June 2016 Plan the contingency for settlements with future litigants of \$20M in 2017-2018 and then \$40M in 2019-2020 were removed.

Phasing of OxyContin AG impact broadly unchanged since November 2015

* 10% volume shift would translate into \$42M of Net Sales upside

OxyContin Net Sales 2016LE to 2020

\$M



* To allow better comparison, 2016LE does not include the Proposed Rulerebate accrual reversal of \$274M.

Lower AG impact of \$378M is more than offset by \$494M brand decline

Butrans Scenario Base Case Assumptions

\$M

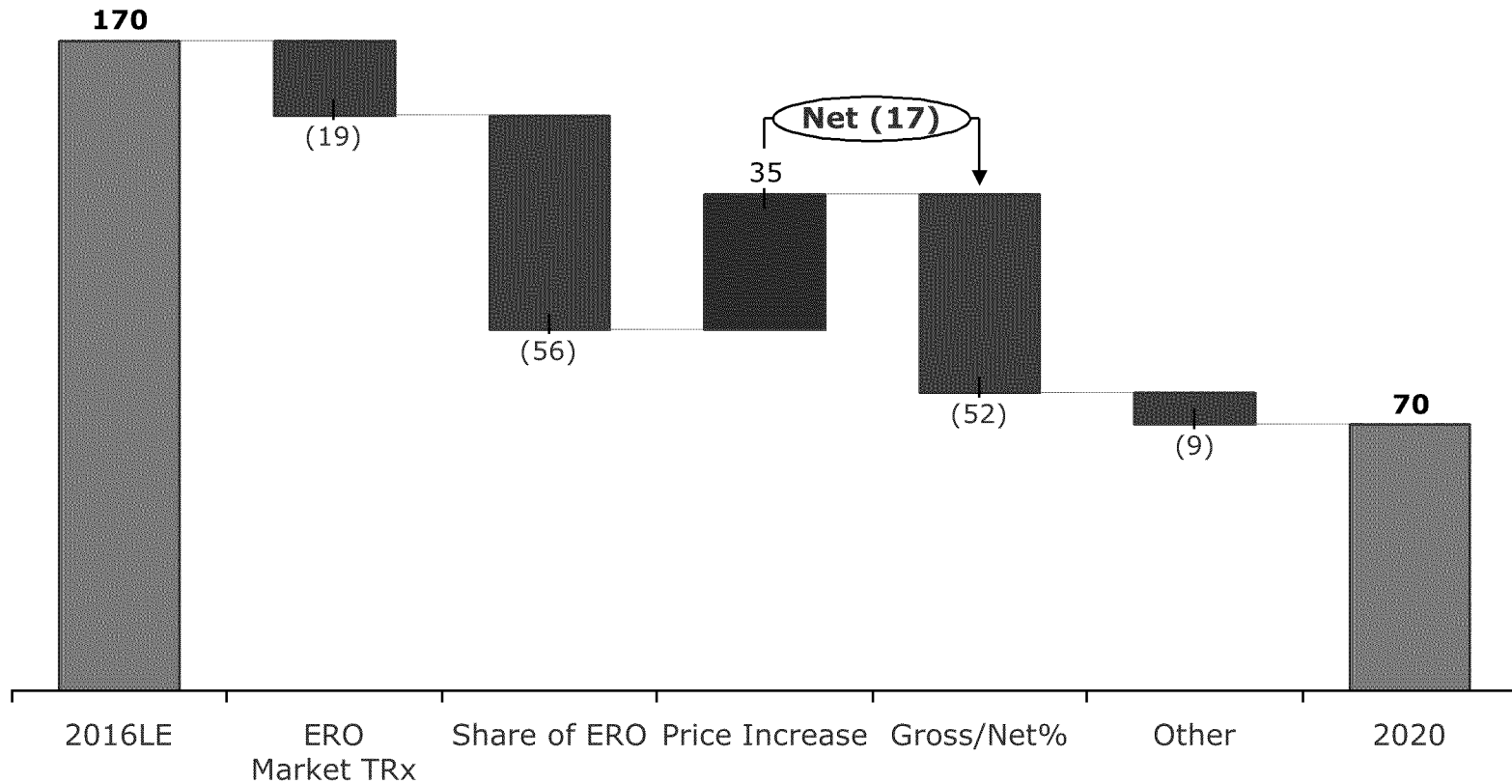
Key Assumptions	Key Dates	Probability of Scenario
▪ Launch Butrans 2 nd Gen, and discontinue 1 st Gen NDA for safety	April 2017	>50%
▪ FDA does not affirm discontinuance; Non-AB rated generics come onto market	April 2018 ¹	
▪ Revenue pressure begins in 2018, followed by 2 nd Gen LOE Q3 2022	Q3 2022 ²	

¹ AB rated to 1st gen. 2nd gen on market, but since not AB rated to 2nd gen, not substitutable to a 2nd gen script in many states.

² AB rated to 2nd gen.

Butrans Franchise anticipated to significantly erode post Q1 2018

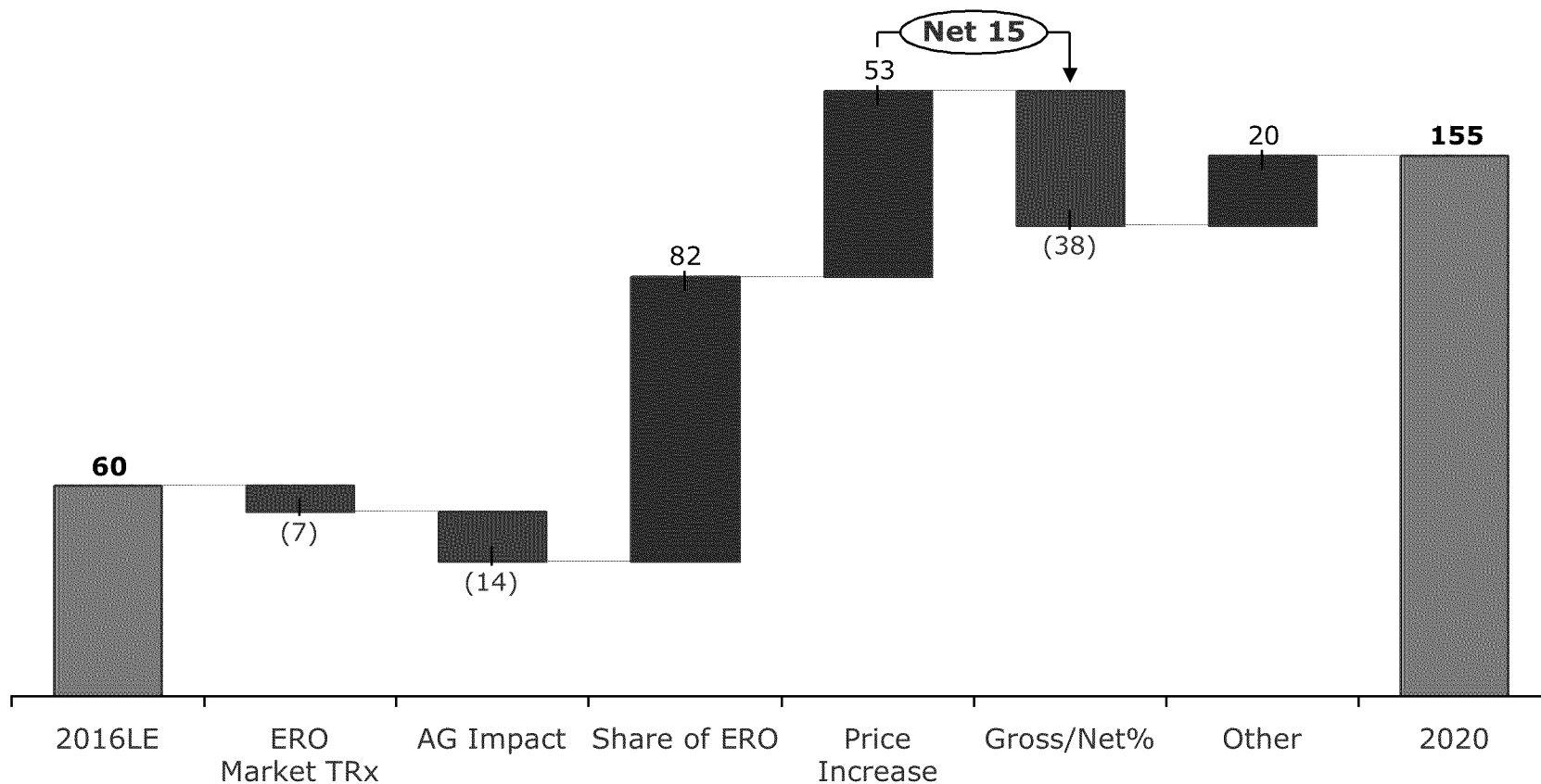
\$M



Butrans Net Sales expected to erode by -60% Vs. 2016 level by 2020

Hysingla Net Sales 2016 LE to 2020

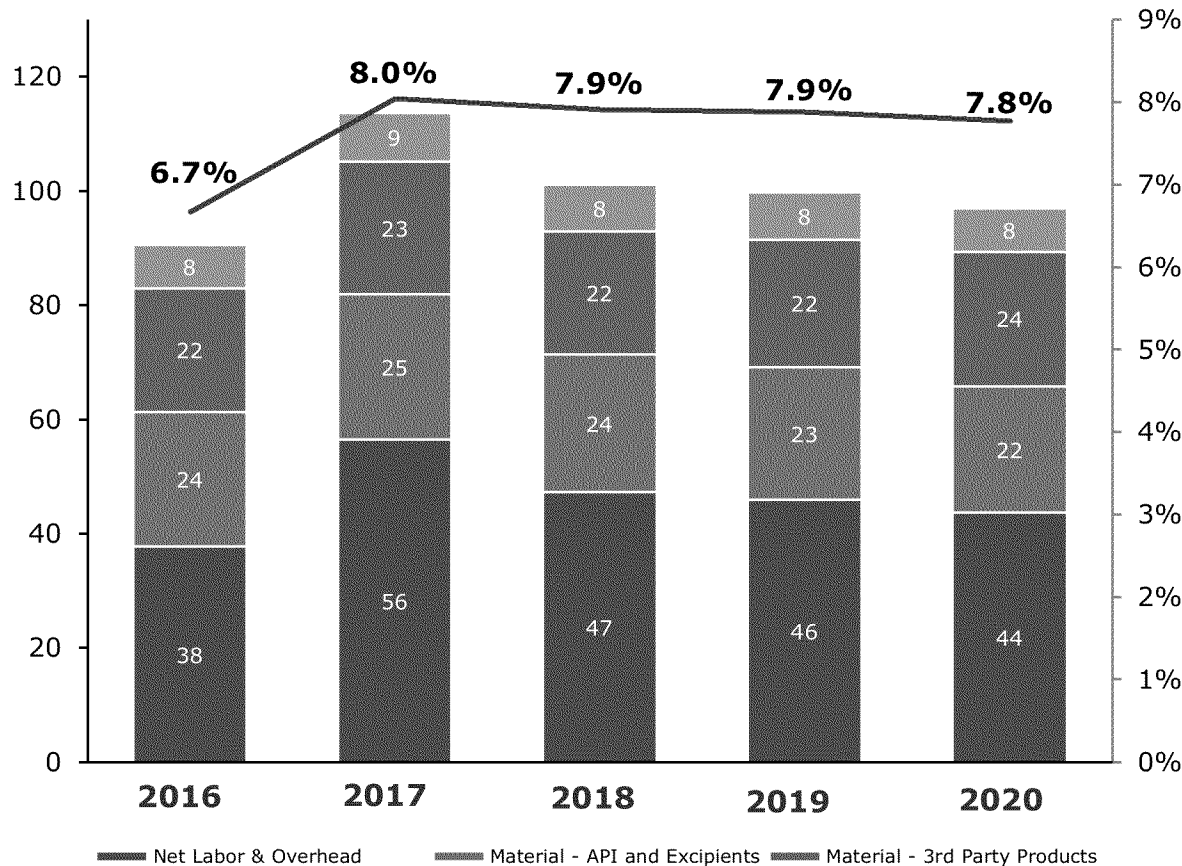
\$M



Hysingla anticipated to Broadly offset Butrans erosion throughout 2020

\$M

% of Net Sales



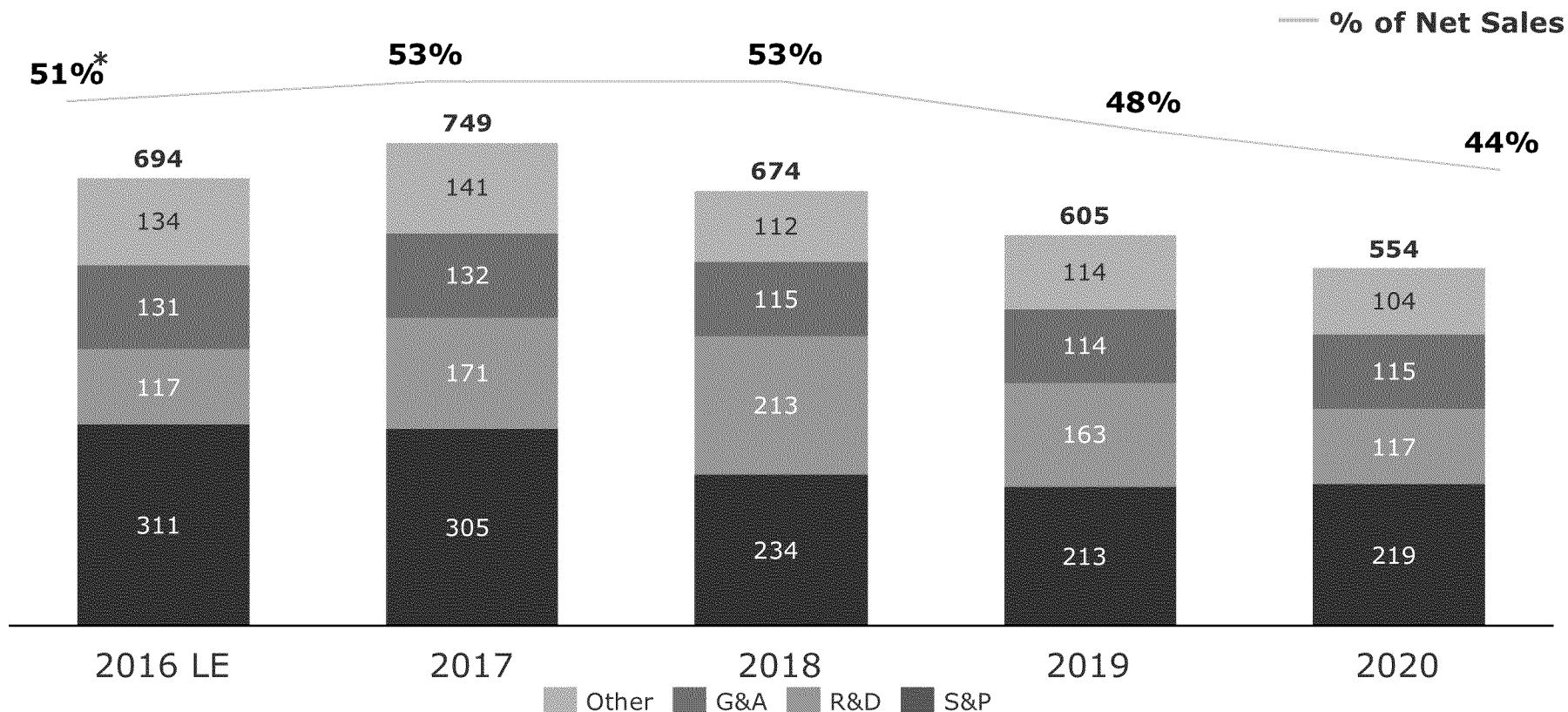
Key Takeaways

- COGS % Net Sales increase by 130 BPTs in 2017 driven by Treyburn coming on-line
- Planning to offset labor and material inflationary pressures through productivity initiatives
- In-sourcing of manufacturing of Rhodes launches (aka Project Symphony) contributing to partially offset Treyburn incremental fixed costs

COGS % Revenue Increase primarily driven by Treyburn Fixed Cost

Operating Expenses 5 Year Trend

\$M



* To allow better comparison, 2016LE does not include the Proposed Rulerebate accrual reversal of \$274M.

Operating Expenses % Net Sales coming Down 7 points over the next 5 years

\$M	2016 LE	2017	2018	2019	2020
Redacted	17	23	26	28	31
	47	51	43	8	-
Buprenorphine / Oxycodone	4	7	6	3	-
Buprenorphine / Fentanyl	5	23	49	30	-
Project Support (non-allocated OH)	9	25	31	36	43
Other ⁽³⁾	34	41	57	58	43
Risk Adjusted R&D	117	171	213	163	117
Non-Risked R&D	117	220	328	280	201
Risk Adjustment ⁽²⁾	-	(49)	(114)	(117)	(84)

Redacted

(3) Other includes Redacted Discovery Research and the Butrans and Hysingla pediatric programs.

Pipeline progression increases costs in 2017 and 2018

\$M	2016 LE*	2017	2018	2019	2020	CAGR
Net Sales Before AG Impact	1,780	1,578	1,421	1,331	1,292	(8%)
<i>Cumulative Reduction vs. '16</i>		<i>(11%)</i>	<i>(20%)</i>	<i>(25%)</i>	(27%)	
Net Sales After AG Impact	1,357	1,412	1,276	1,264	1,248	(2%)
<i>Cumulative Reduction vs. '16</i>		<i>4%</i>	<i>(6%)</i>	<i>(7%)</i>	<i>(8%)</i>	
<u>Cost of Sales Force:</u>						
OxyContin	36	44	46	49	51	9%
Butrans	58	62	27	7	7	(41%)
Hysingla	87	75	53	56	58	(10%)
Total	182	181	126	112	117	(11%)
<u>Promotional Spend:</u>						
OxyContin	20	18	17	16	15	(7%)
Butrans	21	25	10	10	8	(22%)
Hysingla	27	22	20	18	16	(13%)
Total	69	65	47	44	39	(13%)
All Other S&P	60	60	61	57	59	(0%)
S&P (excluding Pipeline)	311	305	234	213	215	(9%)
<i>Cumulative Reduction vs. '16</i>		<i>(2%)</i>	<i>(25%)</i>	<i>(31%)</i>	(31%)	
			\$93M			
Pipeline S&P	-	-	-	-	4	
S&P (including Pipeline)	311	305	234	213	219	(8%)

Reducing S&P Expenses 15% more than Net Sales

* To allow better comparison, 2016LE does not include the Proposed Rulerebate accrual reversal of \$274M.

Sales & Promotion Expense – Sales Force Cost

PDEs:	2016 LE	2017	2018	2019	2020	CAGR
OxyContin	262,300	301,000	301,000	301,000	301,000	4%
Butrans	419,250	430,000	172,000	43,000	43,000	(43%)
Hysingla	627,800	516,000	344,000	344,000	344,000	(14%)
Total	1,309,350	1,247,000	817,000	688,000	688,000	(15%)
Sales Territory Business Managers	609	580	380	320	320	(15%)
<i>Cumulative Reduction vs. '16</i>		<i>(5%)</i>	<i>(38%)</i>	<i>(47%)</i>	<i>(47%)</i>	
Cost of Sales Force (\$M)	\$ 182	\$ 181	\$ 126	\$ 112	\$ 117	(11%)
<i>Cumulative Reduction vs. '16</i>		<i>(1%)</i>	<i>(31%)</i>	<i>(39%)</i>	<i>(36%)</i>	

36% Reduction in Sales Force Expenses over the next 5 years

Operating Expenses Summary by Function

\$M	2016 LE	2020	Change in '16-'20	% Change
G&A	(131)	(115)	17	(13%)
Legal Fees	(46)	(42)	4	(8%)
R&D	(117)	(117)	(1)	0%
R&D Milestones	(4)	(2)	2	(58%)
Medical Affairs	(43)	(39)	4	(9%)
Sales and Promotion	(311)	(219)	93	(30%)
Health Care Reform Fee	(25)	(15)	10	(39%)
Other US	(17)	(5)	11	(68%)
Operating Expenses	(694)	(554)	140	(20%)

**Operating Expenses in 2020 down -20% Vs. 2016 level
 despite maintaining 2016 investment level in R&D**

\$M	Risk ⁽¹⁾	Opportunity ⁽¹⁾
Net Sales		
CDC guidelines	(90)	23
Competition (25% higher impact vs. 50% lower impact of OxyContin Competition)	(113)	225
State level ADF legislation (eg. MA, OH, FL)		68
Blended rebate rate 1% delta	(140)	140
Butrans 1st gen ANDA/ 2nd Gen launch scenarios	(77)	67
Sales Force Impact (50% lower return)	(66)	
Managed Care (50% lower return)	(23)	
Total	(507)	522
Operating Expenses		
Cost reduction initiatives and R&D projects progressing faster or slower than plan	(50)	50
Total	(507)	572

(1) Gross Margin impact of net sales risk / opportunity

\$65

Net opportunity of \$65M mainly due to lower than expected competition on OxyContin

Base Case vs. Prior Long Term Plan

\$M		2015	2016*LE	2017	2018	2019	2020	Cum '16-'20
Base Case	Net Sales	1,833	1,357	1,412	1,276	1,264	1,248	6,558
	Operating Profit Margin	929	454	429	388	451	492	2,214
November 2015	Net Sales	1,753	1,317	1,357	1,328	1,385	1,430	6,816
	Operating Profit Margin ⁽¹⁾	816	415	381	348	459	574	2,177
Variance to November 2015	Net Sales	80	40	55	(52)	(120)	(182)	(258)
	Operating Profit Margin	113	40	48	40	(8)	(82)	38

(1) Operating profit margin of the November 2015 Plan is adjusted to include the latest estimate of costs of the Buprenorphine combination projects and the new method of risk adjusting R&D

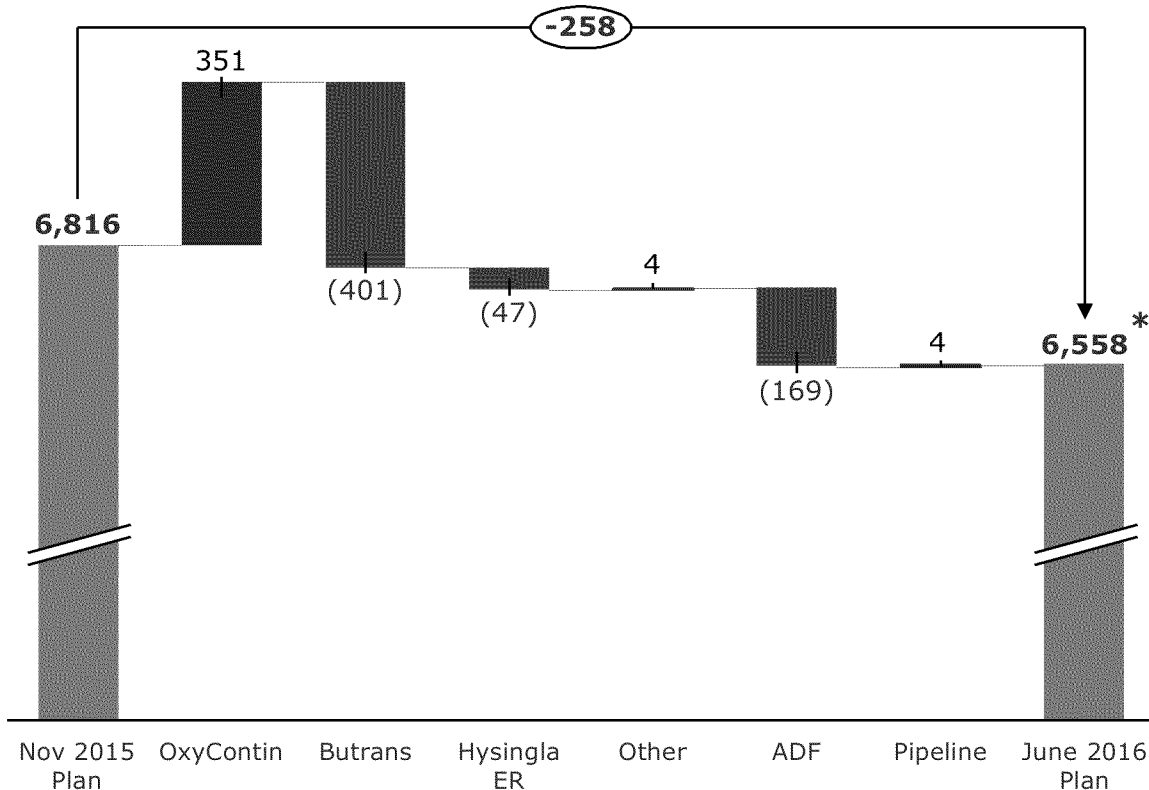
* To allow better comparison, 2016LE does not include the Proposed Rule rebate accrual reversal of \$274M.

Operating profit margin improves by \$38M over the 5 year period despite reduced net sales

Net Sales Reconciliation

2015 November Plan to June 2016 Plan (2016 - 2020)

\$M



Key Drivers By Brand

- OxyContin - favorability in AG (+\$161M)¹, share (+\$143M), mix / tablets per Rx (+\$342M) offset by impact of lower market volume (-\$164M) and CDC guidelines (-\$100M)
- Butrans - decrease largely due to change in LOE assumptions (Q2 2018 vs Q3 2022)
- Hysingla - decline due to lower utilization of higher strengths and smaller ERO market

(1) AG reduction largely due to removal of contingency for future litigants of \$20M in 2017-2018 and then \$40M in 2019-2020.

* To allow better comparison, 2016LE does not include the Proposed Rulerebate accrual reversal of \$274M.

Net Sales decrease \$258M over 5 year period

2016-2020 Operating Profit Margin Outlook

19-23629-1, Doc 2:18-3 Filed 02/25/21 Entered 02/25/21 14:22:11 Exhibit
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Reconciliation Vs. November 2015 view

\$M	2016 LE	2017	2018	2019	2020	Cumulative 2016-2020
Operating Profit Margin (Nov 2015, adjusted)	415	381	348	459	574	2,177 ⁽¹⁾
<u>Change in:</u>						
Net Sales	40	55	(52)	(120)	(182)	(258)
COGS	(3)	(15)	1	8	18	9
G&A	0	9	25	26	25	85
Sales and Promotion	0	11	56	69	60	195
Other Operating Expenses	2	(11)	11	12	(4)	9
OPERATING EXPENSES	2	8	92	106	81	289
Incentives & Settlements	0	(1)	(2)	(1)	1	(3)
Total Change November 2015 Versus Base	40	48	40	(8)	(82)	38
Operating Profit Margin (Base)	454	429	388	451	492	2,214

(1) Represent November plan as presented adjusted for BUP/Fentanyl and BOX programs, as well as changes in risk adjustment methodology for Lemborexant.

* To allow better comparison, 2016LE does not include the Proposed Rule rebate accrual reversal of \$274M.

Operating profit margin improves by \$38M over the 5 year period despite reduced net sales

- Profit & Cash outlook in line with November 2015 view
- Net Sales forecast indicates a significant change to our business profile:
 - Lower revenue expectations for our growth products (Hysingla, Butrans)
 - No meaningful contribution from our internal Pipeline ... before 2023
 - Increased reliance on OxyContin from 2018 until its LOE
 - Significant cost reduction over the next 5 years to offset the revenue gap
- Diversification away from OxyContin through BD now also needed short term

**Core Business eroding faster than anticipated
Acquisitions of Commercial-stage assets needed to avoid downsizing**

- 2016 Financials – Latest Estimate
- 5 Year Plan – Net Sales and Financial Overview
- Longer Term Planning

Executive Summary

• Redacted

Redacted

- To address this long-term challenge, Purdue is pursuing a multi-pronged growth strategy:
 - Optimize its current product portfolio
 - Execute on its existing R&D pipeline
 - Supplement its product and pipeline portfolio through BD&L deals
- The current pipeline of R&D projects and BD deals would imply the following:
 - \$2.2B would be invested over the next 10 years, \$2.0B over the next 3 years
 - The internal R&D pipeline would not be a meaningful contributor until the mid 2020s
 - Two of the six deals combined would provide ~\$300M of sales in 2017 and reduce our cash flow dependency on OxyContin
 - Net Sales would be maintained above \$2.0B even after OxyContin LOE (2022)
 - Operating Margin would be at least \$400M for the next 10 years with a peak of \$1B in 2022
- We expect \$1.7B to be invested in 2016 and would need about \$800M of external funding

Strategic Category Key Assumptions

1 Base Business

- Redacted remains the major driver of Purdue's long-term financial profile
- Butrans and Hysingla Redacted
- Pipeline projects included: ORL-1 & TRPV1 (Shionogi), Sigma 1 (Esteve), Litx

2 Additional Internal Pipeline added since August 2015

- Includes: Buprenorphine/OxyContin (BOX), Buprenorphine/Fentanyl (BUF), Tropomyosin receptor kinase A (TrkA) (VM Pharma) and Lemborexant (LEM) (Eisai)
- Combined eNPV of \$279M with cumulative investment to break-even of ~\$365M
- Cash flow break-even in 2024 with risk-adjusted net sales reaching \$413M by 2025

3 Near-Term Deals

- Six BD&L deals currently under evaluation

Redacted

- Total consideration of \$1.7B in 2016

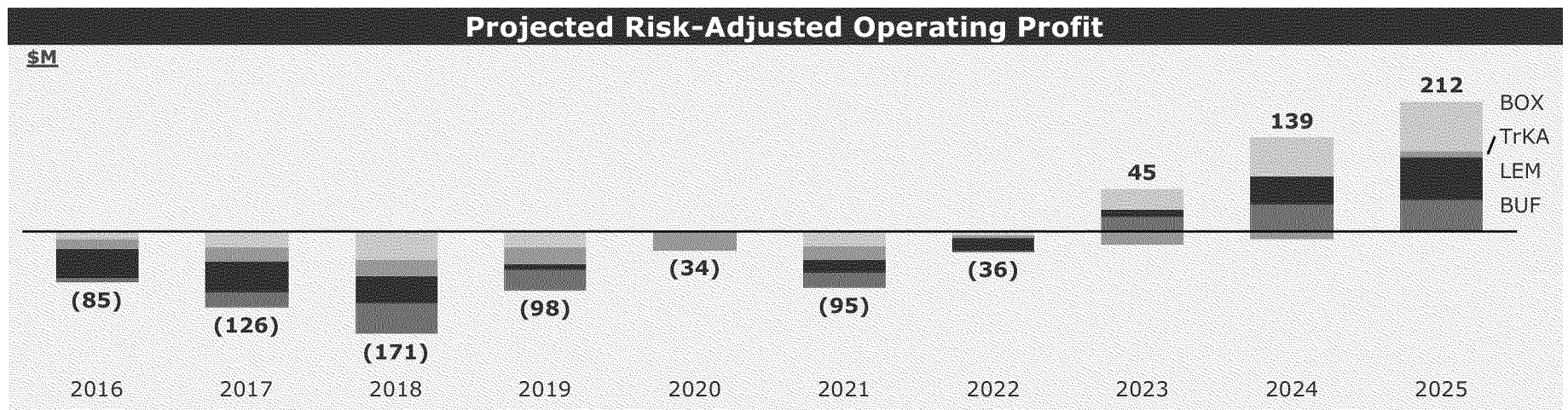
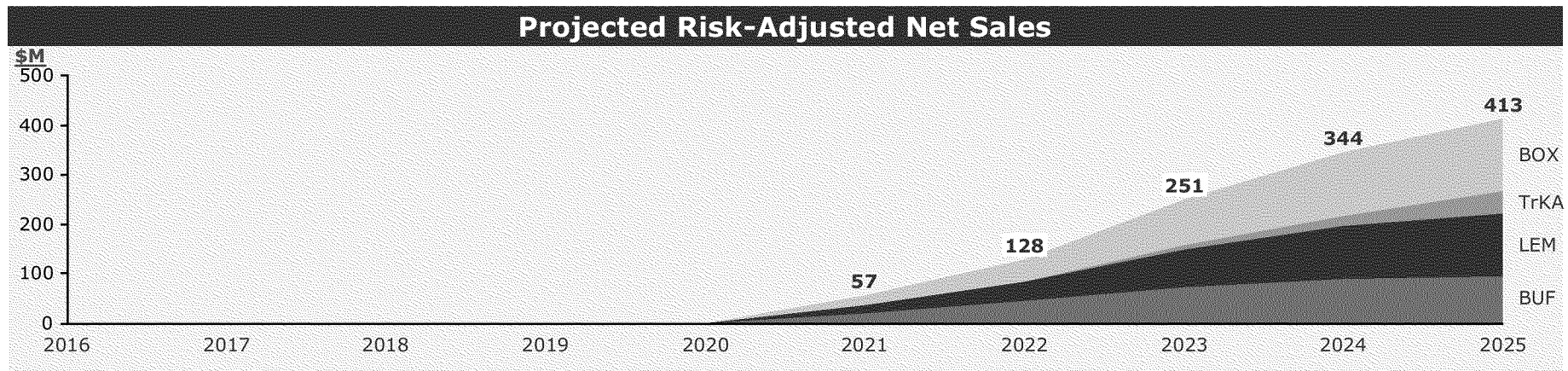
\$M		2020	2021	2022	2023	2024	2025	2021-2025
Base Case	Net Sales	1,248	1,227	1,399	668	409	482	4,186
	Operating Profit Margin	526	497	721	260	1	46	1,524
	Free Cash Flows	284	359	299	(266)	(11)	48	428
June 2015	Net Sales	1,442	1,418	1,413	737	549	600	4,715
	Operating Profit Margin	645	621	603	306	180	217	1,927
	Free Cash Flows	341	348	259	(285)	86	106	515
Variance to June 2015	Net Sales	(194)	(190)	(13)	(68)	(139)	(118)	(529)
	Operating Profit Margin	(119)	(125)	118	(46)	(179)	(171)	(403)
	Free Cash Flow	(57)	11	40	19	(98)	(58)	(86)

Base Business expected to remain flat Redacted

\$M	2020	2021	2022	2023	2024	2025	2021-2025
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Base Case

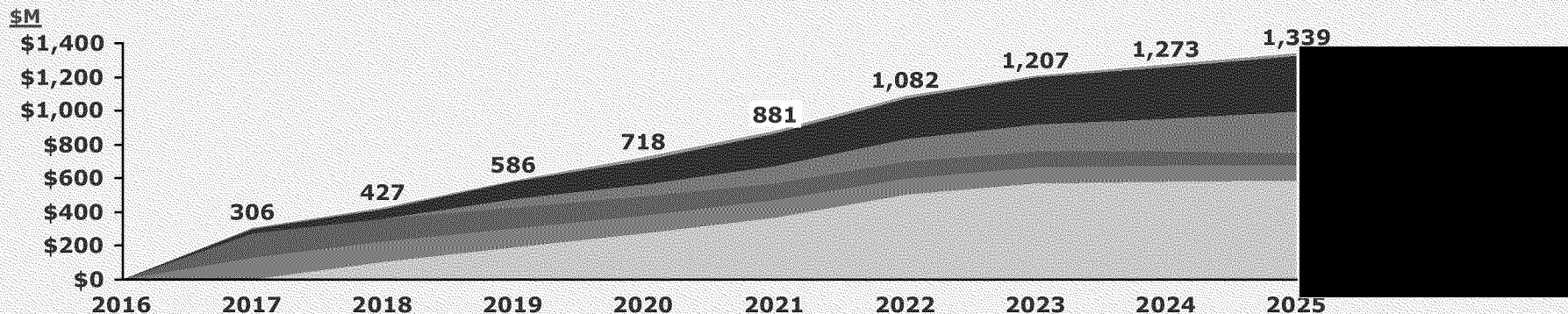
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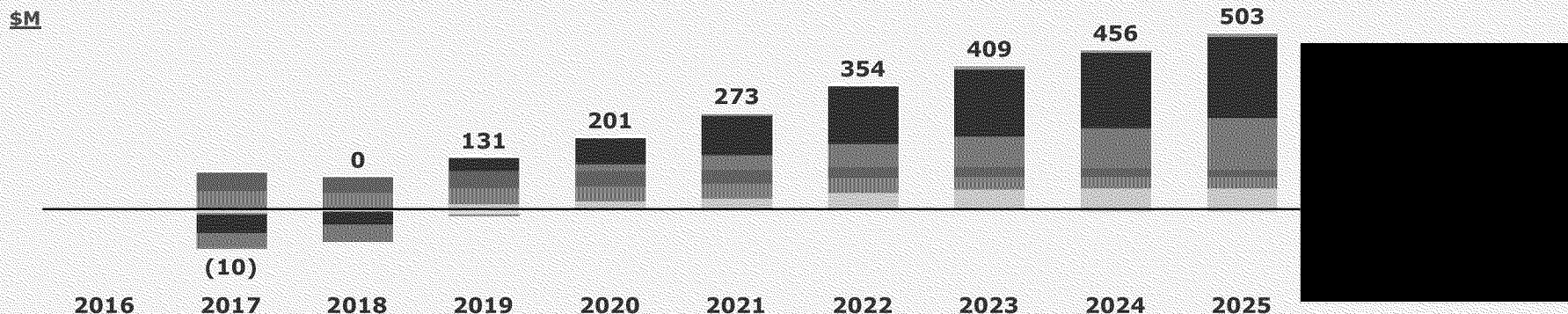
Purdue's current pipeline is projected to generate profitable sales starting in 2023

Note: Buprenorphine/OxyContin = BOX, Buprenorphine/Fentanyl = BUF, Tropomyosin receptor kinase A = TrkA and Lemborexant = LEM

Projected Risk-Adjusted Net Sales



Projected Risk-Adjusted Operating Profit



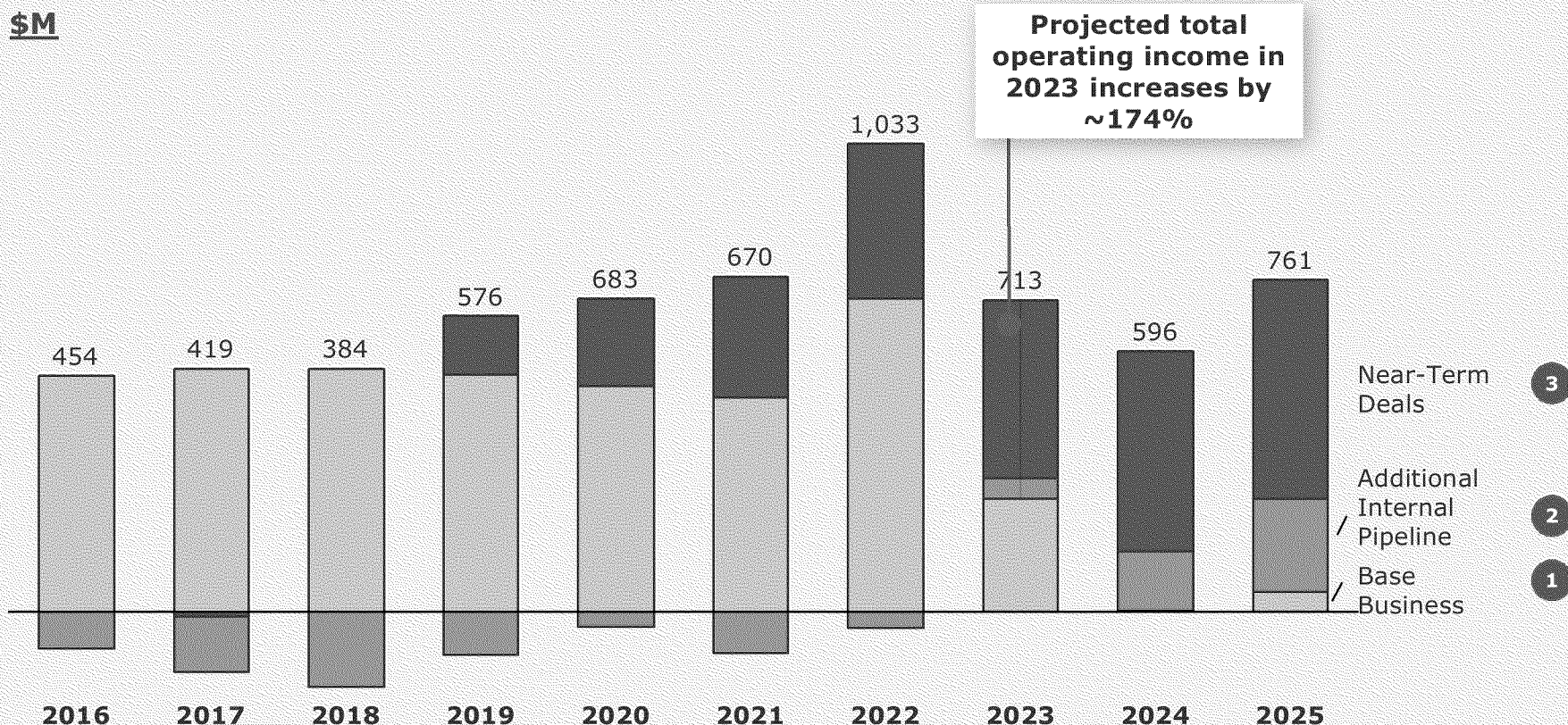
\$1.7B of deal capacity expected to be used in 2016, but provide \$300M of Net Sales starting in 2017 and help reduce dependency on OxyContin

- 1. [REDACTED] acquisition assumed at \$9 per share for total acquisition price of \$261M
- [REDACTED] acquisition assumed at \$24 per share for total acquisition price of \$462M
- [REDACTED] acquisition assumed at 2.5x 2015-2016 average net sales for total acquisition price of \$877M
- [REDACTED] \$30M upfront and future development and commercial milestones
- [REDACTED] Purdue to receive royalties on net sales
- [REDACTED] 25%/75% profit share

Redacted

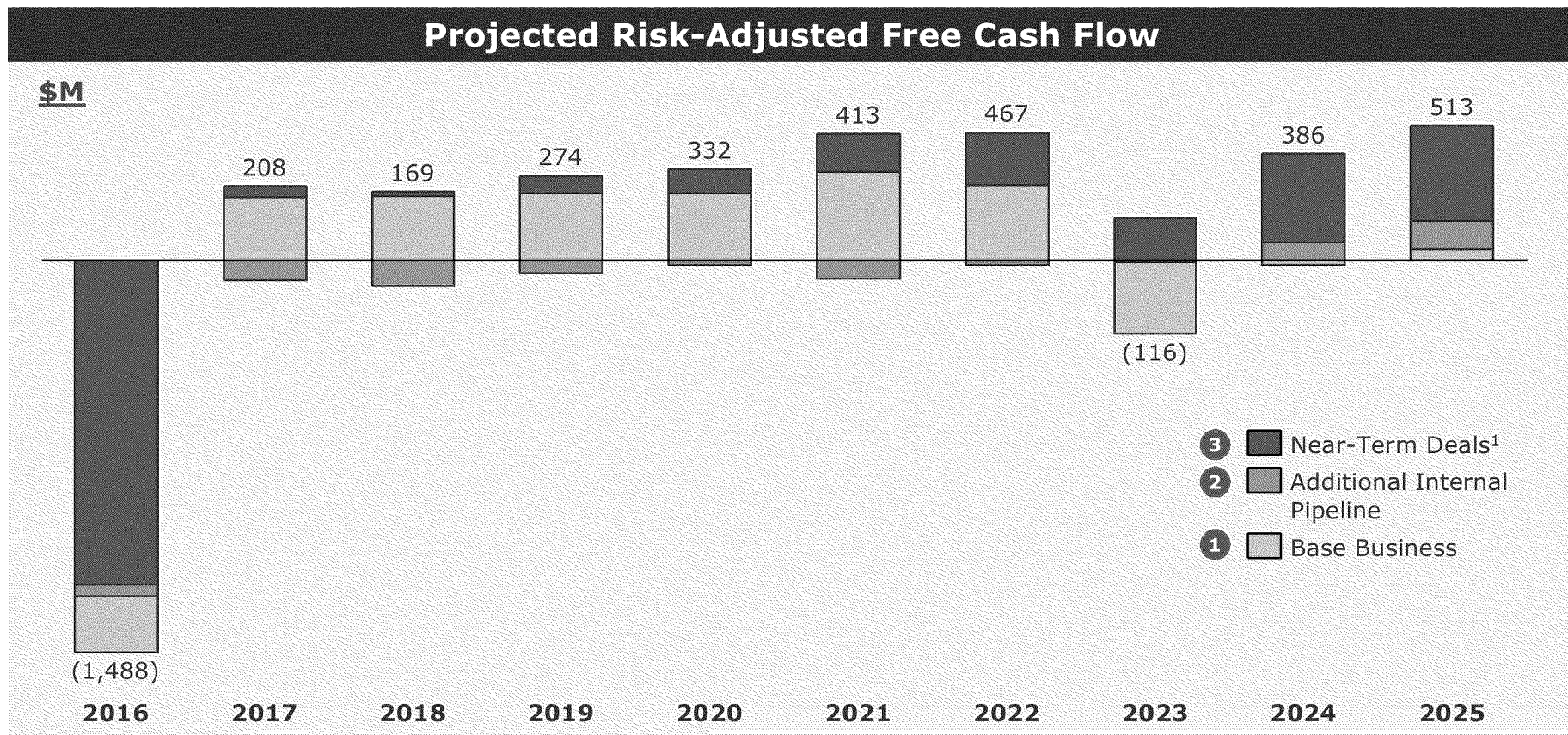
Projected Risk-Adjusted Operating Income

\$M



Operating Margin at least \$400M for the next 10 years with a peak of \$1B in 2022

Combined Risk-Adjusted Free Cash Flow



Redacted

Current internal R&D and potential near-term BD&L deals are projected to drive cash flow growth

Redacted

Projected BD&L Timeline

Redacted



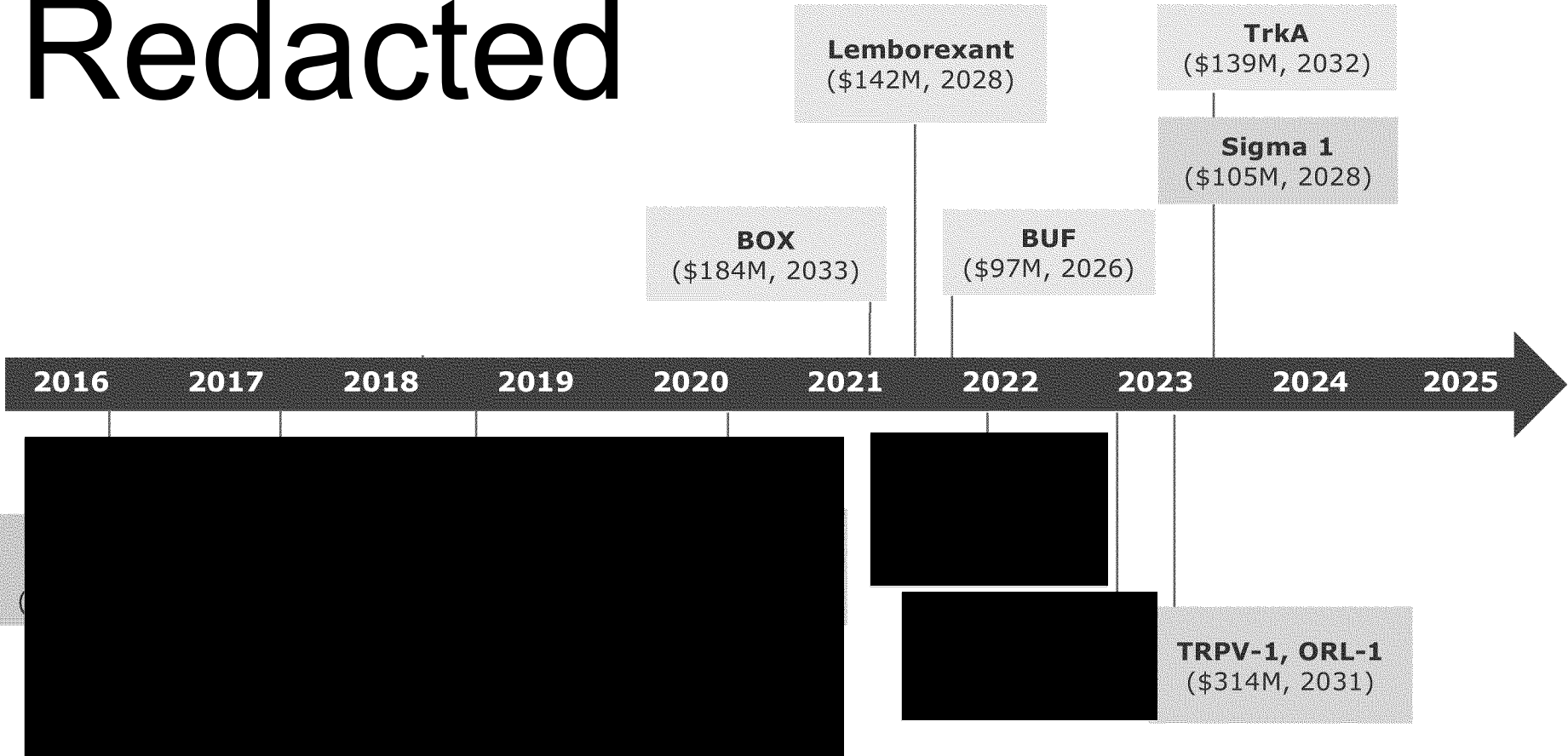
2016 2017 2018 2019 2020 2021 2022 2023 2024 2025

Redacted

Purdue targeting to make six BD&L transactions within the next 6-12 months

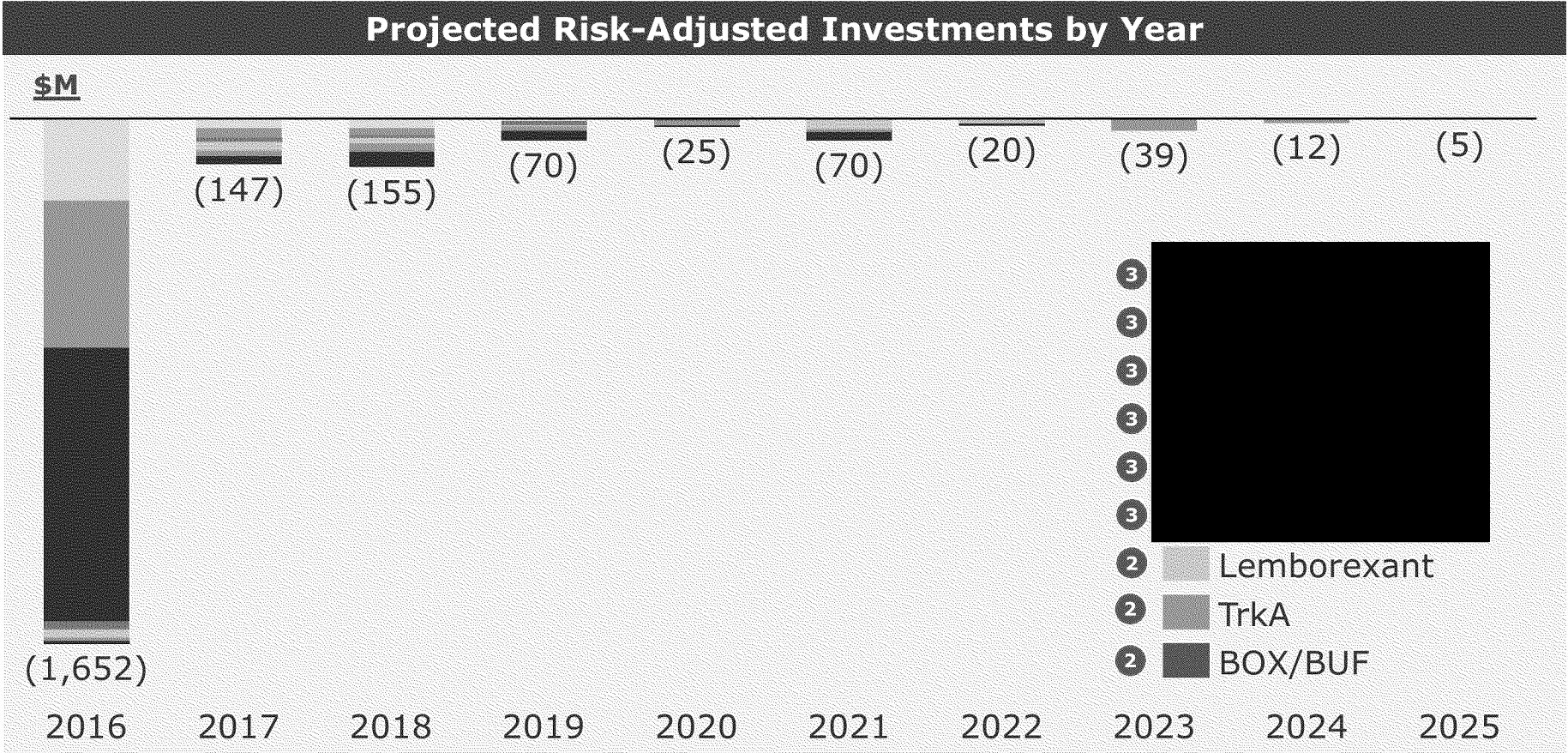
Projected Commercial Launch Timeline

Redacted



Regular cadence of new product launches would help mitigate execution

Note: Figures listed are Risk-Adjusted Peak Sales and Year



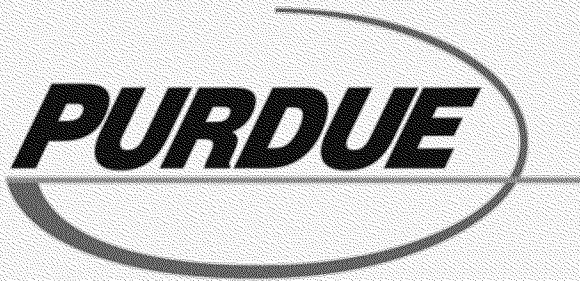
\$2.2B would be invested over the next 10 years, \$2.0B over the next 3 years

Note: Buprenorphine/OxyContin = BOX, Buprenorphine/Fentanyl= BUF, Tropomyosin receptor kinase A = TrkA and Lemborexant = LEM
 investment does not include \$400M term loan or debt costs

Long-Term Sources & Uses of Capital

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Cumulative
Opening Cash Balance	1,222	154	298	432	653	913	1,055	1,522	1,414	1,793	
1 Free Cash Flow	136	352	318	310	284	359	299	(266)	(11)	48	1,827
1 Ex-US Funding	(247)	(161)	(105)	(74)	(44)	(34)	(17)	(13)	(11)	(11)	(717)
1 Other Internal Cash Items	(105)	48	32	23	14	11	6	5	5	5	44
2 3 Net Cash Change from BD & Pipeline	(1,652)	(31)	(38)	72	152	147	247	310	397	471	75
Net Cash Balance excl. Financing	(646)	362	504	763	1,059	1,396	1,590	1,558	1,793	2,306	
Financing	800	(64)	(72)	(110)	(146)	(341)	(68)	(143)	0	0	
Closing Cash Balance	154	298	432	653	913	1,055	1,522	1,414	1,793	2,306	

We expect \$1.7B to be invested in 2016 & would need \$800M of external financing



Back Up Slide
(for Board)

\$M	2016						
	2015 Actual	Budget	2016 LE	2017	2018	2019	2020
NET SALES (Before AG)	1,976	1,762	1,780	1,578	1,421	1,331	1,292
NET SALES (After AG)	1,833	1,317	1,357	1,412	1,276	1,264	1,248
COST OF GOODS SOLD/ ROYALTIES	(208)	(166)	(169)	(195)	(174)	(172)	(169)
GROSS PROFIT	1,625	1,151	1,188	1,218	1,102	1,092	1,079
General and Administrative (incl Legal Dept, excl Legal Fees)	(138)	(131)	(131)	(132)	(115)	(114)	(115)
Legal Fees	(48)	(51)	(46)	(53)	(49)	(46)	(42)
Research and Development	(82)	(117)	(117)	(171)	(213)	(163)	(117)
Research and Development Other - Milestones and Alliances	(48)	(6)	(4)	(3)	(2)	(2)	(2)
Medical Affairs	(36)	(43)	(43)	(43)	(41)	(46)	(39)
Sales and Promotion	(294)	(311)	(311)	(305)	(234)	(213)	(219)
Health Care Reform Fee	(15)	(13)	(25)	(27)	(16)	(16)	(15)
Other US	(20)	(10)	(17)	(15)	(5)	(5)	(5)
OPERATING EXPENSES	(680)	(682)	(694)	(749)	(674)	(605)	(554)
Operating Expenses as a % of net sales (before AG)	-34.4%	-38.7%	-39.0%	-47.4%	-47.4%	-45.4%	-42.9%
Operating Expenses as a % of net sales (after AG)	-37.1%	-51.8%	-51.1%	-53.0%	-52.8%	-47.8%	-44.4%
OPERATING MARGIN BEFORE INCENTIVES	945	469	495	469	428	488	525
Incentive Bonus	(42)	(40)	(40)	(40)	(40)	(37)	(33)
OPERATING PROFIT MARGIN	929	428	454	429	388	451	492
EX-USA/ OTHER	(229)	(178)	(262)	(191)	(149)	(97)	(56)
PROFIT BEFORE TAX	700	250	193	239	239	354	436

(1) To allow better comparison, 2016LE does not include the Proposed Rule accrual reversal of \$274M. Balance sheet and CashFlow reflect the impact of not paying the additional rebates.

Growth in Operating Profit Margin largely driven by operating expense management on largely flat sales

	2015 Actual	2016 Budget	2016 LE	2017	2018	2019	2020	
As a % of Net Sales (After AG)								
General and Administrative (incl Legal Dept, excl Legal Fees)	7.5%	10.0%	9.7%	9.3%	9.0%	9.0%	9.2%	} % net sales
Legal Fees	2.6%	3.8%	3.4%	3.7%	3.8%	3.6%	3.4%	
Research and Development	4.5%	8.9%	8.6%	12.1%	16.7%	12.9%	9.4%	
Research and Development Other - Milestones and Alliances	2.6%	0.4%	0.3%	0.2%	0.1%	0.1%	0.1%	
Medical Affairs	1.9%	3.3%	3.2%	3.1%	3.2%	3.6%	3.2%	
Sales and Promotion	16.1%	23.6%	22.9%	21.6%	18.3%	16.9%	17.5%	
Health Care Reform Fee	0.8%	1.0%	1.8%	1.9%	1.2%	1.2%	1.2%	
Other US	1.1%	0.8%	1.2%	1.1%	0.4%	0.4%	0.4%	
OPERATING EXPENSES	37.1%	51.8%	51.1%	53.0%	52.8%	47.8%	44.4%	
As a % of Net Sales (Before AG)								
General and Administrative (incl Legal Dept, excl Legal Fees)	7.0%	7.5%	7.4%	8.3%	8.1%	8.6%	8.9%	} % net sales
Legal Fees	2.4%	2.9%	2.6%	3.3%	3.4%	3.4%	3.3%	
Research and Development	4.2%	6.6%	6.6%	10.8%	15.0%	12.2%	9.1%	
Research and Development Other - Milestones and Alliances	2.4%	0.3%	0.2%	0.2%	0.1%	0.1%	0.1%	
Medical Affairs	1.8%	2.5%	2.4%	2.7%	2.9%	3.5%	3.0%	
Sales and Promotion	14.9%	17.7%	17.5%	19.3%	16.5%	16.0%	16.9%	
Health Care Reform Fee	0.7%	0.7%	1.4%	1.7%	1.1%	1.2%	1.2%	
Other US	1.0%	0.6%	0.9%	1.0%	0.4%	0.4%	0.4%	
OPERATING EXPENSES	34.4%	38.7%	39.0%	47.4%	47.4%	45.4%	42.9%	

Balance Sheet

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\$M	2015 Actual	2016 Budget	2016 LE	2017	2018	2019	2020
ASSETS							
CURRENT ASSETS							
Cash and cash equivalents	1,222	939	964	1,132	1,289	1,507	1,757
Accounts receivable - trade	62	67	38	110	106	116	121
Due from associated companies	26	26	26	23	21	19	18
Other receivables	28	28	30	27	28	29	30
Inventories	33	33	33	40	36	35	34
Prepaid expenses and other assets	24	17	19	19	19	19	19
TOTAL CURRENT ASSETS	1,396	1,109	1,109	1,352	1,499	1,726	1,979
Property and equipment, net	177	195	193	197	192	189	181
Investments in associated companies	32	34	32	4	(13)	(18)	(19)
Due from associated companies	2	2	2	2	2	1	1
Intangible assets, net	126	119	119	113	107	101	96
Other assets	20	12	19	18	17	16	15
Deferred income taxes	18	19	18	18	18	18	18
Restricted cash - long term	6	117	15	15	15	15	15
TOTAL ASSETS	1,776	1,607	1,508	1,719	1,837	2,049	2,286
LIABILITIES AND EQUITY							
CURRENT LIABILITIES							
Accounts payable	83	67	80	88	85	76	69
Accrued expenses and taxes payable	868	510	482	600	621	674	697
Due to associated companies	15	15	15	15	15	15	15
TOTAL CURRENT LIABILITIES	966	592	577	703	722	765	781
Other liabilities	198	154	188	186	183	180	178
TOTAL LIABILITIES	1,164	746	766	889	905	945	959
EQUITY							
Capital stock - common	0	0	0	0	0	0	0
Additional paid in capital	2	2	2	2	2	2	2
Retained earnings and partners' capital	683	904	812	900	1,002	1,174	1,397
Accumulated other comprehensive income	(71)	(44)	(71)	(71)	(71)	(71)	(71)
Subscription receivable	(1)	(1)	(1)	(1)	(1)	(1)	(1)
TOTAL EQUITY	612	861	742	830	932	1,104	1,327
TOTAL LIABILITIES AND EQUITY	1,776	1,607	1,508	1,719	1,837	2,049	2,286

\$M	2015 Actual	2016 Budget	2016 LE	Variance LE to Budget	Variance LE to 2015 Actual
Operating activities					
Net income	696	248	465 (a)	216	(232)
Adjustments to reconcile net income to cash provided by operating activities:					
Depreciation and amortization	26	27	26	(1)	(0)
Loss on equity investment companies	215	156	240	85	25
Loss on disposal of assets	3	0	0	0	(3)
Payments from associates, net	18	0	0	0	(18)
Changes to working capital	(45)	(323)	(253)	70	(209)
Long-term assets and liabilities	10	(2)	(8)	(6)	(19)
Total cash provided by operating activities	924	105	469	364	(455)
Investing activities					
Capital expenditures	(51)	(35)	(35)	0	16
Restricted cash, net	20	(100)	(10)	90	(29)
Investments in associated companies, net	(210)	(158)	(240)	(83)	(31)
Proceeds from sale of assets	17	0	0	0	(17)
Total cash used in investing activities	(224)	(293)	(285)	8	(61)
Financing activities					
Capital contributions	2	3	4	1	1
Distributions to partners for required tax payments	(364)	(124)	(271)	(147)	93
Distributions to partners non-tax	(136)	0	(168)	(168)	(32)
Distributions to partners ex US	(67)	(5)	(7)	(2)	60
Total cash used in financing activities	(564)	(126)	(442)	(316)	122
Increase (decrease) in cash and cash equivalents	135	(314)	(258)	56	(393)
Cash and cash equivalents:					
Unrestricted cash at the beginning of the period	1,087	1,254	1,222	(32)	135
Unrestricted cash at the end of the period	1,222	940	964	24	(258)

(a) Profit after tax in 2016LE includes reversal of proposed rule

Favorability in after tax net income (\$216M) and restricted cash (\$90M) are offset by higher distributions (\$315M) and ex-USA funding (\$83M)

\$M	2015 Actual	2016 Budget	2016 LE	2017	2018	2019	2020
Operating activities							
Net Income after tax	696	248	465	236	236	351	433
Non-cash charges (credits) to net income:							
Depreciation	19	20	19	26	26	26	26
Amortization	7	7	7	6	6	6	6
Loss on disposal of fixed assets	3	0	0	0	0	0	0
Loss on ex-USA	216	156	240	182	115	72	39
Working capital changes	(26)	(324)	(253)	51	29	34	13
Long-term assets and liabilities	10	(2)	(8)	(1)	(1)	(1)	(1)
Cash flow provided by operations	925	105	469	499	410	487	515
Investing activities							
Capital expenditure	(51)	(35)	(35)	(29)	(21)	(23)	(18)
Cash funding of ex-USA entities	(211)	(158)	(240)	(154)	(98)	(67)	(37)
Restricted cash, net	20	(100)	(10)	0	0	0	0
Proceeds from sale of assets	17	0	0	0	0	0	0
Cash flow used by investing	(225)	(293)	(285)	(184)	(119)	(90)	(55)
Financing activities							
Capital contributions	2	3	4	4	4	4	4
Distributions for required tax payments	(364)	(124)	(271)	(147)	(134)	(180)	(212)
Distributions for ex USA fundings	(136)	(5)	(7)	(4)	(3)	(2)	(1)
Distributions non-tax / Available for Investor	(67)	0	(168)	0	0	0	0
Cash flow used by financing	(564)	(126)	(442)	(148)	(134)	(179)	(210)
Increase (decrease) in cash and cash equivalents	135	(315)	(258)	168	157	217	250
Unrestricted Cash at beginning of period	1,087	1,254	1,222	964	1,132	1,289	1,507
Unrestricted Cash at end of period	1,222	939	964	1,132	1,289	1,507	1,757

Base Case projects cash of \$1.7M by 2020

\$M

Actual Cash as of 5/1/2016 1,131

Cash provided by operations	166
Capital expenditures	(27)
Ex-USA	(123) (a)
Tax distributions	(144)
Non-tax distributions	(40)
Other	2
	<hr/>
	(167)

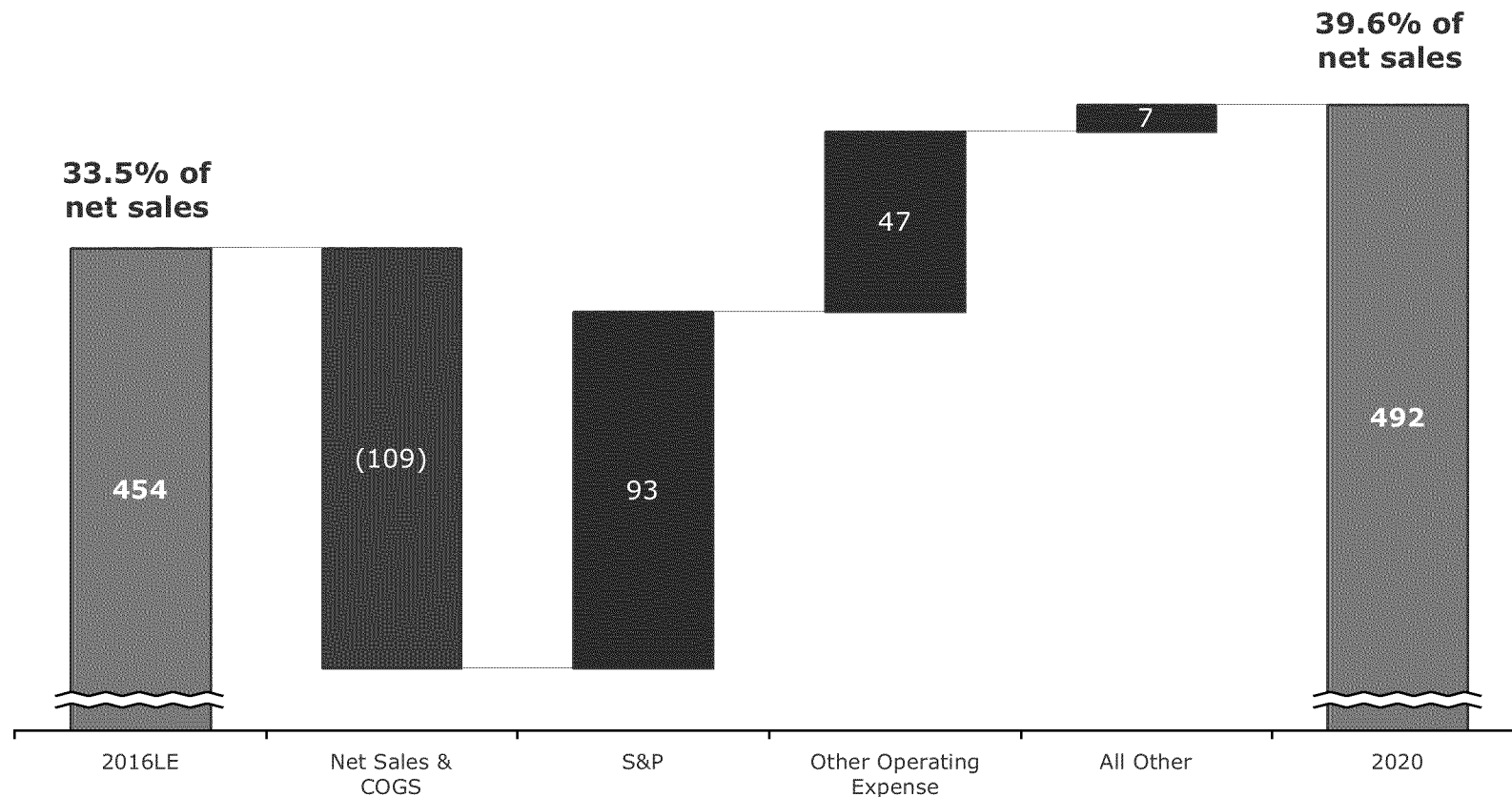
LE Cash as at 12/31/2016 964

(a) Includes Ex-US distributions and investments in associated companies

Cash decrease of \$167M over balance of year is due to operating cash flow (\$166M) offset by Ex-US funding (\$123M), and tax/ non-tax distributions (\$184M)

5 Year Plan – Operating Margin Bridge

\$M



Improving Operating Profit Margin by 600 BPs to 39.6% despite eroding sales

Summary of Net Sales

\$M

<u>Base Case</u>	2016 LE	2017	2018	2019	2020	Cumulative
OxyContin	1,034	1,034	963	940	918	4,889
Butrans	170	190	97	83	70	610
Hysingla ER	60	95	121	144	155	575
Other	94	93	95	97	101	480
ADF	-	-	-	-	-	-
Pipeline	-	-	-	-	4	4
Total	1,357	1,412	1,276	1,264	1,248	6,558

Variance to November 2015

OxyContin	37	54	86	91	83	351
Butrans	15	14	(104)	(140)	(186)	(401)
Hysingla ER	(10)	(14)	(12)	(2)	(9)	(47)
Other	(1)	1	1	1	2	4
ADF	-	-	(23)	(71)	(75)	(169)
Pipeline	-	-	-	-	4	4
Total	40	55	(52)	(121)	(181)	(258)

Favorability in OxyContin (\$351M) does not offset lower Butrans net sales (\$401M) and removal of net sales of MSR/HCA Programs (\$169M)

Summary of Net Sales

\$M

Base Case	2016 LE	2017	2018	2019	2020	Cumulative
OxyContin	1,034	1,034	963	940	918	4,889
Butrans	170	190	97	83	70	610
Hysingla ER	60	95	121	144	155	575
Other	94	93	95	97	101	480
ADF	-	-	-	-	-	-
Pipeline	-	-	-	-	4	4
Total	1,357	1,412	1,276	1,264	1,248	6,558

Variance to June 2015

OxyContin	(51)	186	222	217	206	780
Butrans	28	22	(97)	(132)	(178)	(357)
Hysingla ER	(72)	(100)	(123)	(102)	(61)	(459)
Other	2	(1)	(4)	(3)	(3)	(9)
ADF	(4)	(66)	(155)	(152)	(149)	(526)
Pipeline	-	-	-	(4)	(9)	(13)
Total	(97)	41	(156)	(177)	(194)	(584)

Favorability in OxyContin (\$780M) does not offset lower Butrans net sales (\$357M), Hysingla ER (\$459M), and removal of net sales of ADF (\$526M)

\$M	2013 Actual	2014 Actual	2015 Actual	2016 Budget	2016 LE	2017	2018	2019	2020
Net Sales (1)	103.7	150.6	158.4	155.0	169.8	Redacted			
Redacted									
COGS/Shipping & Warehousing (2)	(4.7)	(8.2)	(7.5)	(8.8)	(9.1)	(13.4)	(6.5)	(6.0)	(4.8)
Royalty Expense (3)	(6.4)	(8.3)	(8.7)	(8.6)	(9.4)	Redacted			
Gross Profit	92.6	134.1	142.2	137.6	151.3	Redacted			
Product Spending	(96.9)	(80.9)	(66.6)	(72.6)	(79.8)	(87.3)	(36.5)	(17.0)	(15.3)
Marketing Expense	(19.2)	(14.5)	(14.2)	(21.5)	(21.5)	(25.0)	(10.0)	(10.0)	(8.0)
Sales Force Expense (4)	(77.7)	(66.4)	(52.4)	(51.0)	(58.3)	(62.3)	(26.5)	(7.0)	(7.3)
G & A Allocation at 6% of net sales	(6.2)	(9.0)	(9.5)	(9.3)	(10.2)	(11.4)	(5.8)	(5.0)	(4.2)
Legal Fees (5)	(2.3)	(2.5)	(6.3)	(7.8)	(8.0)	(5.8)	(0.8)	(0.8)	(0.8)
R&D / Medical Affairs (6)	(17.8)	(13.2)	(11.1)	(15.7)	(15.4)	(12.4)	(5.2)	(5.0)	(4.9)
Health Care Reform Fee	(0.7)	(1.3)	(2.8)	(2.8)	(3.1)	(3.6)	(1.2)	(1.0)	(0.9)
Product Contribution	(31.3)	27.0	45.8	29.4	34.8	Redacted			

(1) 2016 Budget includes price increase of 9.5% in April 2016 and an AG impact on net sales of \$21M.

(2) Pricing increases out pace the 3% inflation in 2017-2020. 2016 assumes a \$0.6M inventory write-off. 2017 assumes a \$3.1M tech transfer/scale-up project for 2nd Gen with a \$0.5M inventory write-off. The year of 2017-2020 assume no cost changes for switching to 2nd Gen outside of the 3% inflation per year.

(3) Royalty is paid to Redacted at 5.5% of net sales.

(4) Costs are allocated to Butrans based on a percent of total PDEs as follows: 2016B - 28%, 2016LE - 32%, 2017 - 35%, 2018- 21%, 2019-2020 - 6%.

(5) 2016 Budget includes Patent Litigation and Term Extension (\$7.0M) and Patent Prosecution work (\$1.0M). 2017-2020 assumes no patent term extension granted with expiration in 2018.

(6) PREA spend concludes in 2017. Redacted Those expenses in 2018 thru 2020 are allocations comprised of FDA users fees & expenses, cost for Purdue specific post marketing requirements programs including the Class-wide REMS & Opioid Post Marketing Requirement Consortium hyperanalgesia studies, related database purchases, publications spend and other allocated Medical Affairs Group overhead costs.

\$M	2013 Actual	2014 Actual	2015 Actual	2016 Budget	2016 LE	2017	2018	2019	2020
Net Sales (1)	103.7	150.6	158.4	155.0	169.8	190.4	97.2	83.2	69.6
<i>Rebates as % of gross sales</i>	<i>12.2%</i>	<i>23.0%</i>	<i>24.7%</i>	<i>34.6%</i>	<i>33%</i>	<i>37%</i>	<i>51%</i>	<i>55%</i>	<i>56%</i>
COGS/Shipping & Warehousing (2)	(4.7)	(8.2)	(7.5)	(8.8)	(9.1)	(13.4)	(6.5)	(6.0)	(4.8)
Royalty Expense (3)	(6.4)	(8.3)	(8.7)	(8.6)	(9.4)	(10.5)	(5.3)	(4.4)	(3.5)
Gross Profit	92.6	134.1	142.2	137.6	151.3	166.5	85.4	72.8	61.2
Product Spending	(96.9)	(80.9)	(66.6)	(72.6)	(79.8)	(87.3)	(36.5)	(17.0)	(15.3)
Marketing Expense	(19.2)	(14.5)	(14.2)	(21.5)	(21.5)	(25.0)	(10.0)	(10.0)	(8.0)
Sales Force Expense (4)	(77.7)	(66.4)	(52.4)	(51.0)	(58.3)	(62.3)	(26.5)	(7.0)	(7.3)
G & A Allocation at 6% of net sales	(6.2)	(9.0)	(9.5)	(9.3)	(10.2)	(11.4)	(5.8)	(5.0)	(4.2)
Legal Fees (5)	(2.3)	(2.5)	(6.3)	(7.8)	(8.0)	(5.8)	(0.8)	(0.8)	(0.8)
R&D / Medical Affairs (6)	(17.8)	(13.2)	(11.1)	(15.7)	(15.4)	(12.4)	(5.2)	(5.0)	(4.9)
Health Care Reform Fee	(0.7)	(1.3)	(2.8)	(2.8)	(3.1)	(3.6)	(1.2)	(1.0)	(0.9)
Product Contribution	(31.3)	27.0	45.8	29.4	34.8	46.0	35.9	44.1	35.2

(1) 2016 Budget includes price increase of 9.5% in April 2016 and an AG impact on net sales of \$21M.

(2) Pricing increases out pace the 3% inflation in 2017-2020. 2016 assumes a \$0.6M inventory write-off. 2017 assumes a \$3.1M tech transfer/scale-up project for 2nd Gen with a \$0.5M inventory write-off. The year of 2017-2020 assume no cost changes for switching to 2nd Gen outside of the 3% inflation per year.

(3) Royalty is paid to LTS at 5.5% of net sales.

(4) Costs are allocated to Butrans based on a percent of total PDEs as follows: 2016B - 28%, 2016LE - 32%, 2017 - 35%, 2018- 21%, 2019-2020 - 6%.

(5) 2016 Budget includes Patent Litigation and Term Extension (\$7.0M) and Patent Prosecution work (\$1.0M). 2017-2020 assumes no patent term extension granted with expiration in 2018.

(6) PREA spend concludes in 2017. In 2018 and forward the LOE requires reduction in expenses. Those expenses in 2018 thru 2020 are allocations comprised of FDA users fees & expenses, cost for Purdue specific post marketing requirements programs including the Class-wide REMS & Opioid Post Marketing Requirement Consortium hyperanalgesia studies, related database purchases, publications spend and other allocated Medical Affairs Group overhead costs.

\$M	2015 Actual	2016 Budget	2016 LE	2017	2018	2019	2020
Net Sales (1) Redacted	30.0	69.6	60.3	Redacted			
COGS/Shipping & Warehousing (2)	(3.5)	(3.4)	(3.0)	(5.8)	(6.5)	(7.4)	(7.7)
Royalty Expense (3)	(4.4)	(8.1)	(7.0)	Redacted			
Gross Profit	22.1	58.1	50.3				
Product Spending	(99.0)	(100.9)	(114.8)	(96.8)	(73.0)	(73.8)	(74.4)
Marketing Expense (4)	(29.5)	(27.8)	(27.4)	(22.0)	(20.0)	(18.0)	(16.0)
Sales Force Expense (5)	(69.4)	(73.1)	(87.4)	(74.8)	(53.0)	(55.8)	(58.4)
G & A Allocation at 3% of net sales	(0.9)	(2.1)	(1.8)	(2.8)	(3.6)	(4.3)	(4.6)
Legal Fees (6)	(1.0)	(4.2)	(4.3)	(4.8)	(4.8)	(2.8)	(2.8)
R&D / Medical Affairs (7)	(13.9)	(14.7)	(12.5)	(16.5)	(15.1)	(11.7)	(8.4)
Health Care Reform Fee	(0.7)	(1.3)	(1.1)	(1.8)	(1.5)	(1.8)	(1.9)
Product Contribution	(93.3)	(65.0)	(84.2)	Redacted			

(1) 2016 Budget includes price increase of 9.5% in January 2016.

(2) Pricing increases out pace the material inflation of 1% and the overhead inflation of 3-4% per year.

Redacted

(4) Marketing Expense decrease starting in 2017 as brand gets further from launch.

(5) Costs are allocated to Hysingla based on a percent of total PDEs as follows: 2016B - 40%, 2016LE - 48%, 2017 - 41%, 2018 - 42%, 2019-2020 - 50%.

(6) 2016 Budget includes patent challenges (\$3.8M) and patent prosecutions (\$0.5M). 2017 -2020 Assume patent challenges continue Redacted

Redacted

(7) PREA restarts in 2017 and completes in 2019. Other expenses are allocations comprised of FDA users fees & expenses, cost for Purdue specific post marketing requirements programs including the Class-wide REMS & Opioid Post Marketing Requirement Consortium hyperanalgesia studies, related database purchases, publications spend and other allocated Medical Affairs Group overhead costs.

\$M	2013 Actual	2014 Actual	2015 Actual	2016 Budget	2016 LE	2017	2018	2019	2020
Net Sales	67.0	67.0	70.6	70.1	70.1	73.6	76.5	79.6	83.2
COGS/Shipping & Warehousing (1)	(22.7)	(21.6)	(20.7)	(21.6)	(22.0)	(23.0)	(24.6)	(26.2)	(28.2)
Gross Profit	44.4	45.4	49.9	48.5	48.1	50.6	52.0	53.4	55.0
COGS/S&W as % of gross sales	31.7%	29.8%	27.1%	28.3%	29.2%	29.0%	29.8%	30.6%	31.5%
Product Spending	(16.8)	(15.2)	(13.5)	(15.6)	(15.6)	(15.6)	(15.6)	(15.6)	(15.6)
Product Spending as % of net sales	25.1%	22.7%	19.1%	22.3%	22.3%	21.2%	20.4%	19.6%	18.7%
R&D Market Support	(0.8)	(0.9)	(0.7)	(0.8)	(0.8)	(0.8)	(0.8)	(0.8)	(0.8)
Product Contribution	26.8	29.2	35.7	32.1	31.7	34.2	35.6	37.0	38.6

(1) All OTC products are contract manufactured. 2017-2020 include 3% inflation per year while the sales do not include any pricing changes.

*\$M

Asset	Indication	Phase	Geog	Launch	LOE	PTRS	Peak Net Sales*	Cost To Launch*	NPV/ eNPV *
TRPV-1	Chronic Pain	1	US	4Q23	2034	16%	998	136	712/93
Lembo.	Insomnia	3	US	1Q21	2034	32%	444	149	436/104
TrkA	Pain OA	2	Global	2023	2032	25%	1,068	446	412/43
BOX	Chronic Pain	1	US	1Q21	2033	34%	540	240	469/115
ORL-1	Insomnia	1	US	4Q23	2034	21%	793	156	387/33
BUF	Chronic Pain	1	US	2Q21	2033	38%	405	237	189/17

All projects continue to show positive NPV / eNPV

Pipeline R&D Costs Risk Adjustment

\$M	2015		2016		2017		2018		2019		2020	
BOX	\$	1.5	\$	13.2	\$	54.8	\$	96.5	\$	45.7	\$	1.1
TKA		0.4		16.6		35.9		57.8		61.7		67.2
OAG		1.5		9.2		10.8		18.0		46.0		35.9
VAN		1.2		2.4		10.6		13.9		40.6		40.7
LEM		4.4		47.3		50.6		42.8		8.2		-
BUF		-		5.2		46.0		98.8		59.6		0.7
Esteve		-		-		-		-		-		0.1
Gross R&D	\$	9.0	\$	94.1	\$	208.7	\$	327.8	\$	261.9	\$	145.8

Risk Adjustment

BOX	\$	1.5	\$	13.2	\$	27.4	\$	48.2	\$	22.9	\$	0.4
TKA		0.4		16.6		23.3		26.3		28.1		30.6
OAG		1.5		9.2		10.3		12.0		17.5		13.7
VAN		1.2		2.4		6.4		3.3		9.7		9.8
LEM		4.4		47.3		50.6		42.8		8.2		-
BUF		-		5.2		23.0		49.4		29.8		0.3
Esteve		-		-		-		-		-		0.0
Risk Adjusted R&D	\$	9.0	\$	94.1	\$	141.0	\$	182.0	\$	116.2	\$	54.7

Risk Adjustment Factor by Year (Note 2)

BOX	100%	100%	50%	50%	50%	38%
TKA	100%	100%	65%	46%	46%	46%
OAG	100%	100%	95%	67%	38%	38%
VAN	100%	100%	60%	24%	24%	24%
LEM	100%	100%	100%	100%	100%	
BUF		100%	50%	50%	50%	38%
Esteve						25%

Note 1 - does not include costs related to marketed products, discovery research or non -allocated overhead

Note 2 - the risk adjustment factor represents the cumulative probability of success by year. At launch year, represents the cumulative PTRS%

R&D Plan – June 2016 vs. November 2015 (Risky)

19-23649-shl Doc 2418-3 Filed 02/25/21 Entered 02/25/21 14:22:11 Exhibit
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\$M	2016	2017	Variance 2018	2019	2020	Total
<u>Purdue US R&D</u>						
Lemborexant	(9.9)	12.6	16.3	(2.9)	(0.0)	16.1
TRKA	11.0	9.7	6.7	(17.4)	(10.2)	(0.3)
Biased Opioid	(2.8)	(8.5)	(7.9)	(7.1)	(9.0)	(35.2)
Oxy+BUP Combination	5.1	1.4	2.9	0.9	0.3	10.6
BUP/Fentanyl Combination	5.2	23.0	49.4	29.8	0.3	107.7
ORL1	(2.9)	3.4	8.9	8.3	6.3	23.9
TRPV1 (VAN)	(1.8)	(2.6)	0.6	1.8	1.9	(0.0)
GPI Purdue USA	4.0	39.0	77.0	13.5	(10.5)	123.0
<u>US</u>						
BUP	(1.0)	3.7	0.5	0.5	0.5	4.2
HYD	(3.0)	0.2	1.9	1.1	0.2	0.5
Targiniq	(0.3)	(0.1)	0.0	0.0	0.0	(0.4)
HCA - Hydrocodone APAP (Vicodin ADF)	0.0	(0.5)	0.0	0.0	0.0	(0.5)
Project Support (non-allocated OH)	3.6	(9.6)	(6.7)	0.8	13.0	1.3
Discovery Support	0.3	1.1	1.3	1.4	1.6	5.6
Non GPI Purdue USA	(0.4)	(5.2)	(3.0)	3.9	15.3	10.6
MRL Projects	0.0	(0.1)	(0.1)	(0.2)	(7.7)	(8.1)
Operational Risk	(3.6)	(5.1)	(7.6)	0.2	7.4	(8.8)
Other (ORF + OCI + procurement savings)	0.0	0.2	0.2	0.2	0.2	1.0
Purdue USA Other	(3.6)	(5.0)	(7.5)	0.2	(0.1)	(15.9)
Total US	(0.0)	28.9	66.5	17.6	4.7	117.7

Addition of the Buprenorphine combination projects add \$118M to 5 year plan development costs

\$M	2020		2021		2022		2023		2024		2025	
BOX	\$	-	\$	62.6	\$	128.8	\$	274.7	\$	375.5	\$	426.2
TKA		-		-		-		32.3		82.0		182.6
OAG		-		-		-		83.2		218.4		505.1
VAN		-		-		-		134.2		275.8		467.6
LEM		-		49.2		121.9		240.1		335.0		395.8
BUF		-		53.3		119.9		190.8		234.4		250.9
Esteve		-		-		-		95.4		139.3		198.8
Litx		13.9		41.7		97.2		138.8		143.0		147.3
NET REVENUES	\$	13.9	\$	206.8	\$	467.7	\$	1,189.6	\$	1,803.4	\$	2,574.3

Risk Adjustment

Risk Adjustment		PTRS %											
BOX	34%	\$	-	\$	21.3	\$	43.8	\$	93.4	\$	127.7	\$	144.9
TKA	25%		-		-		-		8.1		20.5		45.7
OAG	21%		-		-		-		17.5		45.9		106.1
VAN	16%		-		-		-		21.5		44.1		74.8
LEM	32%		-		15.8		39.0		76.8		107.2		126.6
BUF	38%		-		20.2		45.6		72.5		89.1		95.4
Esteve	25%		-		-		-		23.9		34.8		49.7
Litx	31%		4.3		12.9		30.1		43.0		44.3		45.7
NET REVENUES (Risk Adjusted)		\$	4.3	\$	70.2	\$	158.5	\$	356.7	\$	513.6	\$	688.8

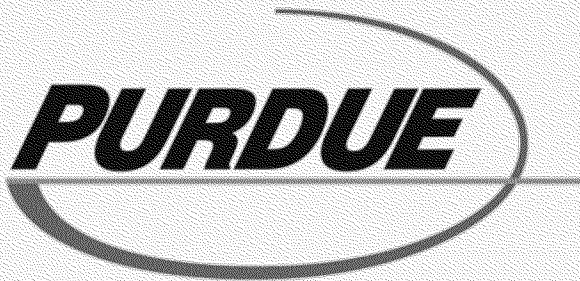
Post Launch R&D Pipeline Revenues are included at cumulative probability of technical and regulatory success ("PTRS") starting 2020

\$M

2016 Budget Tax Distributions **124**

Taxes on 2015 Proposed Rule (Q1)	125
Tax Shelter on Ex-US	(24)
Taxes on Kentucky	19
Taxes on Net Sales Upside	20
Depomed \$15M (assumed not paid in 2016)	7
	<hr/>
	147

June LE Tax Distributions **271**



Thank you